

Council Tax Support Scheme 2021/22

Report of the Finance Portfolio Holder

Recommended:

1. That the Council Tax Support scheme for 2021/22, as shown in Annex 1 to the report, be approved.
2. That the Head of Finance and Revenues, in consultation with the Finance Portfolio Holder, be authorised to make any necessary changes to the Scheme that are required by the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2021 when they are confirmed by the Ministry for Housing, Communities & Local Government.
3. In the event that the temporary uplift to Universal Credit continues, the Head of Finance and Revenues, in consultation with the Finance Portfolio Holder, be authorised to continue to disregard the increase in income as a national response to the Covid-19 pandemic.

Recommendation to Council

SUMMARY:

- Given the ongoing Covid 19 pandemic and the financial uncertainty this brings to many families, no significant changes are proposed to Test Valley Borough Council's Council Tax Support Scheme for the forthcoming year (2021-22).
- A review of the scheme is planned to be undertaken in spring/summer of 2021

1 Introduction

- 1.1 The Council is required to have a Council Tax Support (CTS) scheme to assist residents with their liability to pay Council Tax.
- 1.2 The scheme must, as a minimum, meet the prescribed requirements published by Central Government for pensioner claimants. The scheme must also make provision for residents liable to Council Tax who are of working age.
- 1.3 This report considers the options available to the Council for its CTS scheme for the financial year 2021/22.

2 Background

History to CTS

- 2.1 CTS was introduced on 1 April 2013 to replace the old Council Tax Benefit scheme.

APPENDIX F

- 2.2 Government funding for the new CTS was reduced by 10%, yet the pre-existing maximum support offered to pensioners was required to continue. Some Councils covered the shortfall by immediately introducing minimum charges to Working Age residents. Some, like Test Valley, took the decision to review their scheme once the actual impact of Universal Credit was more fully understood.
- 2.3 The Council was able to avoid introducing minimum charges in the early years of CTS as a result of making additional charges for long-term empty properties and a reducing CTS caseload.
- 2.4 However, from 1 April 2019 the point was reached where the cost of the CTS scheme could no longer be contained within its existing budget.
- 2.5 The Council consulted on a range of options to take effect from 1 April 2019 and encouraged Council Tax payers, local partners, groups and organisations to submit a response.
- 2.6 This resulted in a major change to the Council's scheme from 1 April 2019, with the introduction of a minimum charge for most working age claimants of 10%. Other changes were also introduced at that time and included an increase to the minimum CTS payment and a £30 per week earnings tolerance for changes in circumstances. At the same time, the Council was able to continue offering up to 100% CTS for the most vulnerable members of our community.
- 2.7 An initial review of the impact of those changes was reported and discussed at the OSCOM panel meeting in August 2019. It was recommended that further major changes to the CTS scheme are not considered until the impact of previous changes could be fully evaluated.
- 2.8 A number of comparatively minor proposals aimed at simplifying the scheme for residents and reducing the administrative burden of the scheme were implemented on the 1 April 2020.
- 2.9 There are no proposals to amend the current scheme with the exception of uprating allowances in accordance with government instructions for other means tested benefits.

2021/22 CTS

- 2.10 Options for changes to the current scheme were considered in the spring of 2020. This included consideration of a new way of determining eligibility through a banded or grid-based method.
- 2.11 However, given the unfolding pandemic and the Council's commitment to assist residents and businesses at this uncertain time, it was considered inappropriate to undertake major changes to the Council's scheme.
- 2.12 Not only could any changes have affected economically vulnerable households in a negative manner, the caseload was rising and government support to help working-age claimants through the pandemic would have had a significant impact on the design, effectiveness and affordability of a new scheme.

APPENDIX F

- 2.13 Were changes to have been proposed, a public consultation would have needed to be undertaken during the summer 2020 to meet the required timescales.

Regulations

- 2.14 Each year the government makes amendments to the Council Tax Reduction Schemes (Prescribed Requirements) Regulations. These Regulations provide definitions of new types of income / benefits and how they must be treated for the pension-age element of Council Tax Support schemes. In many cases this will also affect the working-age element of the Council's scheme.
- 2.15 The 2021 Regulations have not yet been published but must be incorporated into the final CTS scheme. It is therefore recommended that the Head of Finance and Revenues, in consultation with the Finance Portfolio Holder, be authorised to make any amendments necessary to the Council's CTS scheme when the Regulations are published.

3 Corporate Objectives and Priorities

- 3.1 A CTS scheme is a legislative requirement, however the Council is able to design and maintain a scheme which supports its own objectives and priorities.
- 3.2 The Corporate Plan 2019 to 2023, "Growing Our Potential", includes priorities to ensure people are able to live well and fulfil their aspirations. Maintaining the current levels of support within our CTS scheme helps protect the incomes of some of our most vulnerable residents.

4 Consultations/Communications

- 4.1 A statutory consultation with regard to our CTS scheme has been undertaken with our major preceptors (Hampshire County Council, Police & Crime Commissioner and Fire Authority). They have confirmed their support for the proposals contained in this report.

5 Options

- 5.1 It is a legal requirement for the Council to approve its CTS scheme in advance of the start of each financial year. The options are:
- Option 1 – recommend the 2021/22 CTS scheme (Annex 1 to the report) for approval (recommended)
 - Option 2 – make minor changes to the drafted CTS scheme of a nature that would not require full public consultation.

6 Option Appraisal

- 6.1 Any changes to the CTS scheme require a public consultation exercise to be carried out. As explained in paragraphs 2.10 – 2.13, the economic uncertainty caused by coronavirus and the consequential increases to the caseload meant that any changes would be incredibly difficult to implement.

APPENDIX F

6.2 It is therefore recommended that the Council's existing scheme is continued in 2021/22, after allowing for inflationary uplifts in scheme parameters and any changes that are required by The Council Tax Reduction Schemes (Prescribed requirements) Regulations 2021.

6.3 Options for the future of the Council's scheme will be explored in spring 2021.

7 Resource Implications

7.1 CTS is a discount that is applied to the Council Tax charge of eligible customers, reducing the amount of Council Tax payable.

7.2 An estimate of the amount of CTS that will be awarded each year is included in the annual Council Tax base calculation. This is the calculation that sets the expected income that the Council will generate from Council Tax each year.

7.3 When the tax base was set for 2020/21, the total estimated CTS for the year was £4.760M. This was based on the new rules being applied from 1 April 2020 and took into account the current trend of a reducing caseload.

7.4 The Covid-19 pandemic has reversed the trend of falling caseloads. Although less impacted than some Local Authorities, Test Valley has seen an increase in claims for Council Tax Support (2,654 work-age claims in November 2019 increasing to 2,777 in November 2020).

7.5 A forward look supports an expectation of a continued increase in the number of people receiving Council Tax Support in the coming year. The ending of the Coronavirus Job Retention Scheme (furlough) and the Self Employed Income Support Schemes will place an increased financial burden on those affected.

7.6 The actual amount of CTS that was included in the annual Council Tax bills and the latest position are shown in the following table. The total cost of CTS is shared with other preceptors (HCC, Hampshire PCC and Hampshire Fire). TVBC's share of the total cost in 2020/21 is 10.7%.

	Total Cost £'000	TVBC share £'000
2020/21 forecast CTS in Council Tax base	4,760 (4,677)	510 (502)
Total amount of CTS reflected in bills in March 2020	4,824 (4,860)	516 (522)
Current estimated cost of 2020/21 CTS scheme as at 30 October 2020	5,445 (4,675)	583 (502)

7.7 The figures show that the effects of the Covid-19 pandemic have seen an increase in the cost of TVBC's CTS scheme (previous year's figures are shown in brackets). The changes made in 2019/20 have mitigated some of this increased cost.

7.8 The Government's Covid-19 Hardship scheme provided £573,710 of support to those of Working Age on the lowest incomes. This resulted in bills of these claimants being reduced by up to £300. In many cases this reduced residents' Council Tax liability to nil. To date, the Council has provided CTS to 2,320 working-age households from this funding.

APPENDIX F

- 7.9 The Chancellor announced in the 2020 Spending Review that £670M will be made available to local councils to help offset the budgetary impact that will be faced from increased CTS caseload levels. The table above shows that this impact is expected to be £73,000 in 2020/21 (£583,000 - £510,000).
- 7.10 The cost of the scheme is expected to reduce in future years when the current situation recedes and the economy recovers.

8 Legal Implications

- 8.1 The Council has a legal responsibility to create, maintain and renew its CTS scheme on annual basis. These powers are contained in Section 13A of the Local Government Finance Act 1992 as amended.

9 Risk Management

- 9.1 An evaluation of the risks indicate that the existing controls in place mean that no significant risks have been identified at this time.

10 Equality Issues

- 10.1 An Equalities Impact Assessment has been carried out in relation the proposed changes to the Council's CTS scheme and is attached at Annex 2.

11 Other Issues - Wards/Communities Affected

- 11.1 All wards and communities are affected by the Council's CTS scheme.

12 Conclusion and reasons for recommendation

- 12.1 The Covid 19 pandemic has created many challenges across Test Valley for the council and residents. Providing some stability with this policy will enable the future of the TVBC scheme to be carefully considered in an environment that is more predictable and will enable any impacts to be understood, costed and consulted upon.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	2	File Ref:	N/A
(Portfolio: Finance) Councillor M Flood			
Officer:	Michael Fisher	Ext:	8563
Report to:	Cabinet	Date:	13 January 2021